



SEN. GEORGE RUNNER (RET.)

VICE CHAIR
STATE BOARD OF EQUALIZATION
CALIFORNIA'S TAX BOARD

April 21, 2015

Senator Ricardo Lara, Chair
Senate Appropriations Committee
State Capitol, Room 2206
Sacramento, CA 95814

RE: SENATE BILL 357 (HALL) - PRIVATE RAILROAD CAR TAX ▪ SUPPORT ▪

Dear Senator Hertzberg,

I am pleased to support Board of Equalization-sponsored Senate Bill 357, which changes the method of measuring presence in California from car days to mileage for purposes of administering the Private Railroad Car (PRRC) Tax.

SB 357 will establish a simplified procedure for assessing privately owned railroad cars that conforms to the method used by all other states that measure presence. Changing to a mileage-based system like those used in other states will reduce costs and increase compliance for both private railroad car owners and railroad companies.

Additionally, measuring presence with a mileage-based system is less complex and less costly to administer, which would allow the BOE to assign staff to other duties. Accuracy would also be improved because BOE staff will be able to request mileage data directly from private railroad car owners and will not be forced to rely on less accurate car day counts currently received by railroad companies.

Lastly, switching to a mileage-based system avoids the approaching necessity of replacing current software at an estimated cost of \$500,000. The existing program uses obsolete code language that is no longer supported and thus increasingly difficult to maintain.

This legislation is necessary to modernize current procedures for collecting property taxes on private railroad cars. It will result in a more predictable and more stable PPRC revenue stream than car-day-based assessments. For these reasons, I am pleased to support SB 357 and ask for your support when it is heard before your committee on April 27.

Sincerely,

GEORGE RUNNER
1st District

cc: Senator Hall
Joe Shinstock, Consultant, Senate Republican Fiscal Office